

Trends in Housing Association Stock in 2007

A Dataspring Briefing Paper on
behalf of the Housing Corporation



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Summary

Introduction

This briefing paper reviews some of the activities that housing associations (HAs) have undertaken during the year 2006/07. It focuses on five key issues: the size of the stock and its ownership; how that stock has changed over the year; the extent to which HAs are involved in shared ownership and other low cost home ownership (LCHO) schemes, the numbers of lettings that HAs have made, and the extent to which HA stock is meeting the Decent Homes Standard.

Methodology

The main source of data is the Regulatory and Statistical Return (RSR) which were submitted by HAs to the Housing Corporation for the year 2006/07. There are two types of RSR – the longer and shorter versions. From 2006/07, HAs owning or managing more than 1000 units/bedspaces (including shared ownership dwellings) completed the longer version of the RSR. Prior to this, the threshold was 250. The Housing Corporation has therefore rebased some of the 2005/06 data so that figures can be compared on a like for like basis. Data on HA lettings and sales have been extracted from CORE (COntinuous REcording).

Key findings

Overview of existing stock in 2007

- The size of the HA sector continued to expand. In 2006/07, the number of dwellings owned or managed by HAs exceeded 2.1 million.
- Ninety eight percent of the stock owned by HAs was social rented housing of which 76% provided for general housing needs.
- There was a 12% increase in the number of non-social housing units.
- Over half of the social housing stock was owned by HAs that own between 2,501 and 10,000 units.
- Sixty three percent of all stock is held by HAs that own stock in only one local authority (LA) area.

The flow of HA stock

- The total number of new units added to the stock was 3% less than the previous year. However, the number of newly built homes increased by 10% and accounted for 43% of all new additions.
- Homes acquired through Large Scale Voluntary Transfer (LSVT) accounted for 45% of all new additions. The total number of unsubsidised units built or acquired via privately fund had increased by 20% over the year.
- The number of units sold under Right to Buy (RTB) and Rent to Mortgage schemes fell by 19% over the last year, but the numbers of shared ownership sales (initial shares) funded with and without Social Housing Grants (SHG) increased from 5,940 in 2005/06 to 8,571 in 2006/07 for the former and 1,361 to 2,934 for the latter.
- HAs made 6,127 disposals of stock for non-social housing use over the year, 10% less than 2005/06. They also demolished 3,992 units, 7% fewer than the previous year. As a result, while the size of the stock increased, the net additions to HA stock (including units transferred from LAs) were 10% lower than last year.
- HA provided nearly 42,400 affordable homes in 2006/07, of which some 27% were in the intermediate market. Around 3,500 shared ownership units were sold as leased housing, 6,127 were disposed of for non social housing use, 5,771 were sold to HA tenants, and nearly 4,000 homes were demolished. Thus, 23,034 additional affordable homes were provided by HAs, an increase of 45% over the year.

Shared ownership and other LCHO schemes

- At 31 March 2007 HAs owned a total of 114,100 housing units under Shared Ownership, Leasehold Housing for Older People and other LHCO schemes, an increase of 11% since 2006.
- Eighty three percent of total shared equity units had received SHG. Initial sales of Shared Ownership housing continued to be concentrated in the ‘pressured’ growth areas of London and the South East (25% and 28% respectively), with just 9% of sales taking place in the North of the country.
- The proportion of the total social sector stock that is Shared Ownership remains relatively small at around 5%.

Lettings and turnover

- HAs made 160,100 general needs lettings in 2006/07, a 2.3% increase over the previous year.
- London showed a 19% increase in the number of general needs letting over the year while all other regions experienced a decline in lettings.
- Half of these lettings involved were LA nominated. Over a third was made to single person households (under the age of 60) and almost a quarter to lone parent households. Nearly one fifth of general needs lettings were made to households accepted as statutorily homeless at the time of letting.
- Nationally the average turnover rate of general needs stock was around 10%, with a low of 9% in London and a high of 14% in the East Midlands.
- Two hundred and nineteen large HAs participated in Choice Based Lettings (CBL) schemes in 2007, an increase of 8% over the previous year. The largest proportion of stock involved in CBL was in the North West and London (26% and 23% respectively), with the East Midlands having the smallest share at just 5%.

Decent Home Standard

- In 2007, slightly fewer than 255,000 dwellings owned by HAs did not meet the Decent Homes Standard (DHS), 13% of the total social housing stock.
- Over the three year period 2004/05 to 2006/07, the largest improvement was found in the West Midlands where the numbers not meeting the standard decreased by over 50%. The least improvement was seen in the North West region where the numbers decreased by 9% over the three years.

Conclusion

The size of the HA sector continued to grow in 2006/07 even though the number of LSVT transferred units decreased considerably. HAs, especially in London and the South East, have played a significant and increasing role in providing Shared Ownership housing. Lettings made over the year continued to be concentrated on single people (under the age of 60). The quality of HA stock improved, evidenced by the decrease in stock not meeting the DHS.

1. Introduction

Since the early 1970s Housing Associations (HAs) have become increasingly effective vehicles through which to deliver affordable housing, gradually taking over the core role of social housing provider from the Local Authorities (LAs) in England. While the size of the social housing sector overall is decreasing, HAs are now providing more homes to people needing affordable rented housing than ever before. Indeed as the majority provider of social housing HAs currently own over 2.1 million homes.

The aim of this paper is to reflect key areas of HA activity during the year 2006/07¹ and provide a general picture of how the sector is changing. It will therefore focus on the following topics.

- An overview of HA stock in 2007
- The make up of the flow of HA stock into and out of the sector
- Shared ownership and other Low Cost Home Ownership (LCHO) schemes
- Lettings and turnover in the sector
- The implementations of the Decent Homes Standard programme

These topics are of particular importance to the operation of the sector; the scale of its role; the make-up of flows in and out of the sector, which provides an indication of the net addition made by HAs to social housing provision²; the extent to which HAs are involved in providing intermediate market housing through shared ownership and other LCHO schemes; the number and types of lettings made by HAs; as well as issues in relation to eviction; and the extent to which HA stock meets the Decent Homes Standard.

2. Background: the Regulatory and Statistical Return (RSR) and CORE

The Housing Corporation (HC) regulates HAs in three broad areas; management, governance and viability. One of the main tools that the HC uses for monitoring and regulatory purposes is the Regulatory and Statistical Return (RSR), an annual census of associations registered with the HC and their stockholdings.

As its name indicates, the RSR provides statistical information to the HC and is used in a number of ways: improve the provision of affordable housing, in discussions with government, to name but a few.

The resultant data provide a snapshot of the sector as at 31 March. Each year the data from the RSR are analysed in a publication called the *Profile of the Housing Association Sector* which comprises a set of tables and a summary paper, outlining key sector trends and forms the basis of this paper.

The HC also jointly funds CORE (COntinuous REcording) with the National Housing Federation, which provides information on both HA and LA lettings and sales. These data are a valuable source for monitoring housing and affordability and the information on general needs lettings are used in conjunction with RSR data in the *Profile of the HA Sector* each year.

¹ The briefing paper is based mainly on the data produced in the *Profile of the Housing Association Sector in 2007* publication which can be downloaded from the following websites: www.dataspring.org.uk and www.rsrsurvey.co.uk.

² Briefing papers for earlier years can be downloaded from the same websites.

2.1 Threshold change in 2007

From 2007, the threshold criterion for HAs completing the Long version of the RSR was raised to those that owned or managed 1000 units/bedspaces (including shared ownership dwellings). Prior to this, HAs that owned or managed more than 250 units completed the long version of the RSR form. HAs that complete a Long return are required to provide more regulatory information than smaller HAs which would therefore produce lower totals in some aggregated RSR time series data. The HC have therefore re-based some of the 2005/06 data, so that figures can be compared on a like for like basis. Where these re-based figures are available, they have been used in the following analysis.

3. Overview of HA stock in 2007

In 2007, the HA sector stockholding continued to grow and by 31 March, 1,687 HAs returning valid RSRs owned³ 2,178,223 units⁴ for rent, an increase of approximately 7% since 2006.

Ninety eight percent of the total stock owned by HAs in 2007 was social housing. Of these social units, 76% provided for general housing needs, while 19% were provided to supported housing tenants or housing for older people and the remaining 5% was leasehold housing (including shared ownership and leasehold housing for older people). Three percent of the social stock (exclude leasehold housing) was vacant; this proportion has remained much the same for the past five years.

Ninety four percent of the social stock in 2007 was owned by 374 HAs (just under a quarter of all HAs that completed a valid return). All of these HAs owned more than 1,000 units of total stock. Over half the social stock was owned by HAs with between 2,501 and 10,000 units of total stock in ownership.

In addition to social housing, HAs owned 40,647 non-social housing units on 31 March 2007, an increase of 12% since 2006. The majority of these units were provided to students or let as market rented accommodation (38% and 22% respectively). On average, HAs spent 5% of their gross annual turnover and 4% of gross capital on non-social housing in 2007.

In terms of the geographical diversity of ownership, the picture remained much the same as the previous year with 1,054 HAs (63%) owning stock in just one local authority (LA) area. Of the 502 HAs operating in more than one LA area, 141 were active in three to five areas, while 12 associations operated in over 100 areas.

4. The flow of HA stock⁵

4.1 Additions to stock

In 2006/07, 55,760 units entered the HA sector (via newly built units, units transferred by LAs and purchased units), 3% fewer than the previous year. However a larger proportion

³ The definition of total stock owned by HAs includes: general needs units owned and supported and/or housing for older people units owned + non social housing units owned + leased housing where the purchaser has not acquired 100% equity (social and non social).

⁴ The term 'units' = self-contained units and shared housing bedspaces combined.

⁵ Comparisons with the previous year's data are done using rebased 2006 stock where available.

was newly built in 2006/07 as compared to the previous year (48% compared to 43%). The decline was mainly due to a decrease in the number of units transferred through Large Scale Voluntary Transfer (LSVT) programmes, which fell by 14%. Two years before, in 2004/05 these LSVTs had accounted for the majority of new additions to HA stock, but by 2006/07 the proportion (45%) was below that of new build units. Table 1 shows the profile of *new* units entering the HA sector (excluding existing units transferred from other HAs) over the past five years.

Table 1: Units *new* to the HA Sector 2002/03 – 2006/07

	2002/03	2003/04	2004/05	2005/06	2005/06 Rebased	2006/07
	Number of units (000s)	Number of units (000s)	Number of units (000s)	Number of units (000s)	Number of units (000s)	Number of units (000s)
Homes newly built						
Total number of homes built by or for RSL	21.2	21.4	23.0	25.3	24.6	26.9
Homes purchased by the RSL						
Purchased in satisfactory condition	2.7	3.8	2.6	2.2	2.0	2.2
Purchased and rehabilitated/repaired	5.0	4.4	5.5	1.7	1.6	1.3
Purchased but not yet rehabilitated/repaired	3.8	1.2	1.0	0.8	0.8	0.5
Total homes purchased	11.5	9.4	9.1	4.7	4.4	4.0
Homes acquired through voluntary transfers from local authorities or Housing Action Trusts	68.1	49.7	66.3	29.3	28.8	24.9
Total	100.9	80.5	98.4	59.3	57.7	55.8

Source: RSR Part L; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 70.

Note:

- 1) Data of acquisitions and developments are collected in the long form only; they were recalculated for 2006 to reflect the threshold change in 2007.
- 2) Data of “Transferred from other HA during the year” collected in the RSR Part L were not included as new additional units to the HA stock.

The number of units purchased in 2006/07 fell for the sixth year running, albeit at a slower rate, decreasing by 9% over the previous year. The largest decrease recorded was in the number of units purchased but not yet rehabilitated/repaired which fell by 242 units over the previous year.

Of the stock shown in Table 1, 7,192 units were acquired in 2006/07 without the use of public subsidy. This accounts for 13% of the total stock new to the HA sector, a proportional increase of three percentage points since 2005/06. The total number of these privately funded units also increased by 20% over the year. All the increase came from newly built units (32%). Stock purchased without public subsidy actually decreased over the year (-16%).

4.2 Sales, disposals and demolitions

As shown in Table 2, HAs sold 24,321 units in 2006/07 under a variety of initiatives, 39% more than the previous year.

Table 2: Sales of RSL stock 2004/05 – 2006/07 over the year to 31st March

	2004/05		2005/06		2005/06 Rebased		2006/07	
	Number of units	%	Number of units	%	Number of units	%	Number of units	%
Total RTB/PRTB/RTM/RTA sales (freehold and leasehold)	9,173	44.8	6,830	37.7	6,753	38.7	5,498	22.6
<i>Of Which: Freehold</i>	<i>n/a</i>		<i>n/a</i>		<i>n/a</i>		4,608	18.9
<i>Leasehold</i>	<i>n/a</i>		<i>n/a</i>		<i>n/a</i>		890	3.7
Total other sales	192	0.9	157	0.9	157	0.9	273	1.1
Total shared ownership sales with SHG	5,281	25.8	6,367	35.1	5,940	34.0	8,571	35.2
Total shared ownership sales with non-SHG	912	4.5	1,416	7.8	1,361	7.8	2,934	12.1
Total sales to other RSLs (vacant and tenanted)	4,929	24.1	3,355	18.5	3,248	18.6	7,045	29.0
Total	20,487	100.0	18,125	100.0	17,459	100.0	24,321	100.0

Source: RSR Part K; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 63.

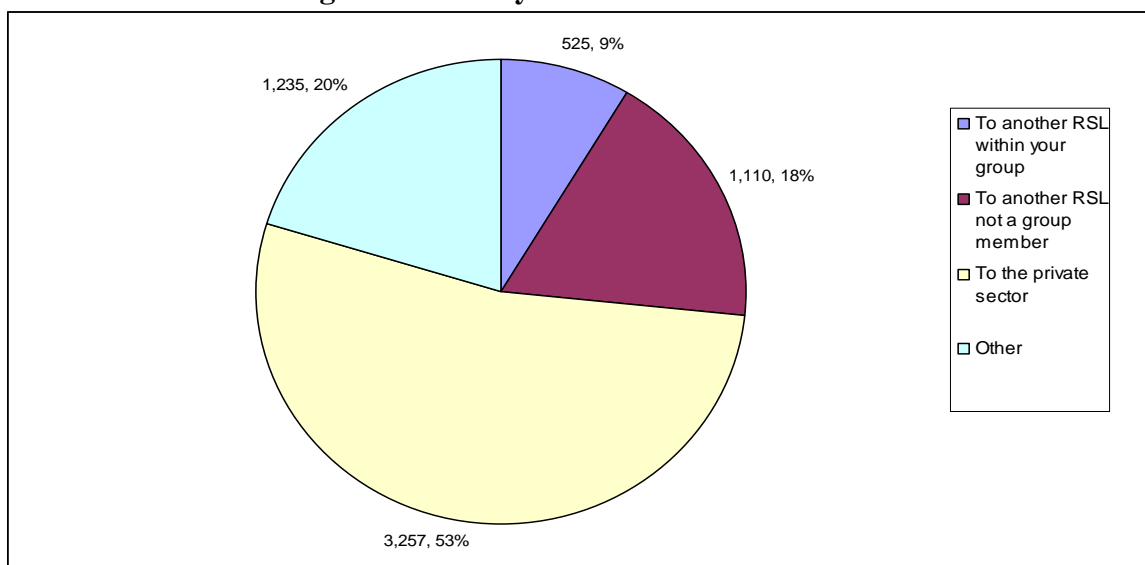
There was a 19% decrease in the number of homes sold under the Right to Buy and Rent to Mortgage Schemes⁶ in 2006/07. These schemes still however, account for a sizeable proportion of overall sales over the year (23%).

Importantly there was an increase in the numbers of shared ownership sales (initial shares) funded both with and without Social Housing Grants (SHG). The non-SHG funded shared ownership sales in particular experienced a significant increase (116%). Together these initial shares accounted for nearly half (47%) of the total sales completed in 2006/07, five percentage points more than the previous year. HAs also made 3,466 disposals of leased housing over the year to leaseholders who had staircased up to 100% equity (or 75% in the case of leasehold housing for older people; see Table 4). This figure had increased by just over half (51%) since the previous year.

An analysis of sales by geographical area shows that just over half of all LCHO scheme sales occurred in London and the South East during the year. Right to Buy sales showed a different pattern altogether, with the highest concentration (just under a third) being in the North West region (a similar proportion to 2005/06).

⁶ Right to Buy (RTB) and Rent to Mortgage (RTM) schemes also include: Preserved Right to Buy (PRTB) and Right to Acquire schemes (RTA).

Figure 1: Disposals to other HAs, the private sector, and other organisations for non-social housing use over the year to 31 March 2007



Source: RSR Part K; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 68.

Figure 1 shows the disposals made by HAs to other organisations for non-social housing use over the year. In total, 6,127 units were disposed of in 2006/07, 10% fewer than the previous year. The majority (53%) of these disposals continued to be made to the private sector. The number of disposals made within group structures decreased vastly from 2,518 units in 2005/06 to just 525 units in 2006/07 and constituting only 9% of total disposals as compared to 37% in the previous year.

Continuing a downward trend, a total of 3,992 units were demolished over the year, a 7% decrease since 2005/06. Of the total demolished, only 11% had received SHG funding, compared with 12% in the previous year. Just 2% of the total (19% of the SHG demolitions) had been demolished within 15 years of the completion of a grant-aided project. Demolition activity continued to be concentrated among HAs with over 2,500 units in ownership.

4.3 Movement of stock

Table 3: Comparison of stock entering and exiting the HA sector 2005/06 – 2006/07

Stock entering the sector				Stock leaving the sector			
	2005/06	2005/06 (Re-based)	2006/07		2005/06	2005/06 (Re-based)	2006/07
Newly Built	25,256	24,552	26,904	Stock sold	9,617	9,427	11,353
Purchased	4,740	4,380	3,981	Demolitions	4,573	4,311	3,992
				Disposals to private sector and other	4,288	3,936	4,492
<i>Subtotal</i>	<i>29,996</i>	<i>28,932</i>	<i>30,885</i>	<i>Subtotal</i>	<i>18,478</i>	<i>17,674</i>	<i>19,837</i>
Acquired through voluntary transfers	29,262	28,817	24,875				
Total	59,258	57,749	55,760	Total	18,478	17,674	19,837

Source: RSR Parts K and L; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Tables 63, 68 and 70.

Note: Stock sold includes RTB/RTA/PRTB/RTM sales, other sales to tenants and shared ownership/homebuy sales (100% disposals) only.

Table 3 compares the new stock coming into the HA sector to that exiting the sector to provide an indication of the sources of the net addition to HA direct provision.

There was a 10% increase in the number of homes newly built by HAs in 2006/07. However there was a small overall decline (3%) in the number of units entering the HA sector, down from 57,749 in 2005/06 to 55,760 in 2006/07. This was mainly because of a 14% decrease in the number of units transferred from local authorities, down from 28,817 in 2005/06 to 24,875 in 2006/07. A reduction in units purchased by HAs also contributed to the decline, down from 4,380 to 3,981 in 2006/07. Finally, demolitions, sales and disposals outside the sector increased over the year by 12% (2,163 units). As a result, while the size of the stock increased, additions to the HA stock (including units transferred from LAs) were 10% lower than last year.

In terms of the HA role in providing *additional affordable housing*, Table 4 shows a considerable improvement over the previous year. The total number of new build and purchased units for rent increased by 6.8% while that for shared ownership (measured in terms of initial shares) went up by well over 50%. As a result, a total of 42,390 were added to the stock of affordable homes, of which some 27% were in the intermediate market. On the other hand, 3,466 shared ownership units were sold as leased housing (in terms of 100% equity or 75% in the case of leasehold housing for older people), 6,127 were disposed of for non social housing use, 5,771 were sold to HA tenants, and nearly 4,000 homes were demolished. The net addition to the affordable housing stock in the HA sector was therefore 23,034. In 2005/06, the total number of newly built/purchased units and the initial shared homeownership units was 36,233 of which 20% were intermediate market homes. Over 16,000 were sold or disposed, and 4,311 were demolished, resulting in a net addition of 15,914. Thus, between 2005/06 and 2006/07, there was an increase of 45% in the provision of affordable houses.

Table 4: Inflows and outflows of affordable homes in the HA sector 2005/06 – 2006/07

Inflow of affordable homes				Outflow of affordable homes			
	2005/06	Rebased 2005/06	2006/07		2005/06	Rebased 2005/06	2006/07
Rental units							
Newly Built	25,256	24,552	26,904	Demolitions	4,573	4,311	3,992
Purchased	4,740	4,380	3,981	Disposals for non-social housing use	7,160	6,808	6,127
<i>Subtotal</i>	<i>29,996</i>	<i>28,932</i>	<i>30,885</i>	<i>Subtotal</i>	<i>11,733</i>	<i>11,119</i>	<i>10,119</i>
SO units (initial shares)							
SO sales with SHG	6,367	5,940	8,571	SO (staircase to 100% equity/75% for older people)	2,402	2,290	3,466
SO sales with non-SHG	1,416	1,361	2,934	RTB/PRTB/RTM/RTA sales (freehold and leasehold)	6,830	6,753	5,498
				Other sales to tenants	157	157	273
<i>Subtotal</i>	<i>7,783</i>	<i>7,301</i>	<i>11,505</i>	<i>Subtotal</i>	<i>9,389</i>	<i>9,200</i>	<i>9,237</i>
Total inflow	37,779	36,233	42,390	Total outflow	21,122	20,319	19,356
NET FLOW	16,657	15,914	23,034				

Source: RSR Parts K and L; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Tables 63, 65-66, 68-70.

5. Shared Ownership and other LCHO schemes⁷

HAs play an increasingly important role in meeting government objectives to tackle the gap between high rates of growth in property prices combined with lower rates of growth in incomes. HAs are now the main providers of shared ownership and other low cost home ownership schemes. These types of scheme are aimed at helping those who are in housing need and unable to purchase property on the open market but are able to pay more than social tenants. Priority is given to existing tenants and those on waiting lists for social housing. In addition HAs may offer non-government funded shared ownership schemes often acquired through S106 agreements.

Under shared ownership the purchaser buys an equity share in the property with a traditional mortgage and pays an affordable rent to the landlord to cover the rest of the property value. Usually, the purchaser has the option to 'staircase' their ownership share up to 100% ownership of the property. However, in the case of shared ownership schemes for the elderly, staircasing is fixed at a maximum of 75%, so the property remains within the social housing sector.

5.1 The extent to which HAs are involved in Shared Ownership and other LCHO schemes

Over 360 HAs are currently involved in the provision of Shared Ownership and other LCHO schemes (Table 5). This equates to around one in five of all HAs. Some of these associations are specially constituted subsidiaries working within HA groups. As a result the number of HAs directly or indirectly involved in the provision of shared ownership housing may be far higher.

⁷ Throughout this section, the term 'shared ownership' refers generally to all LCHO products provided by HAs.

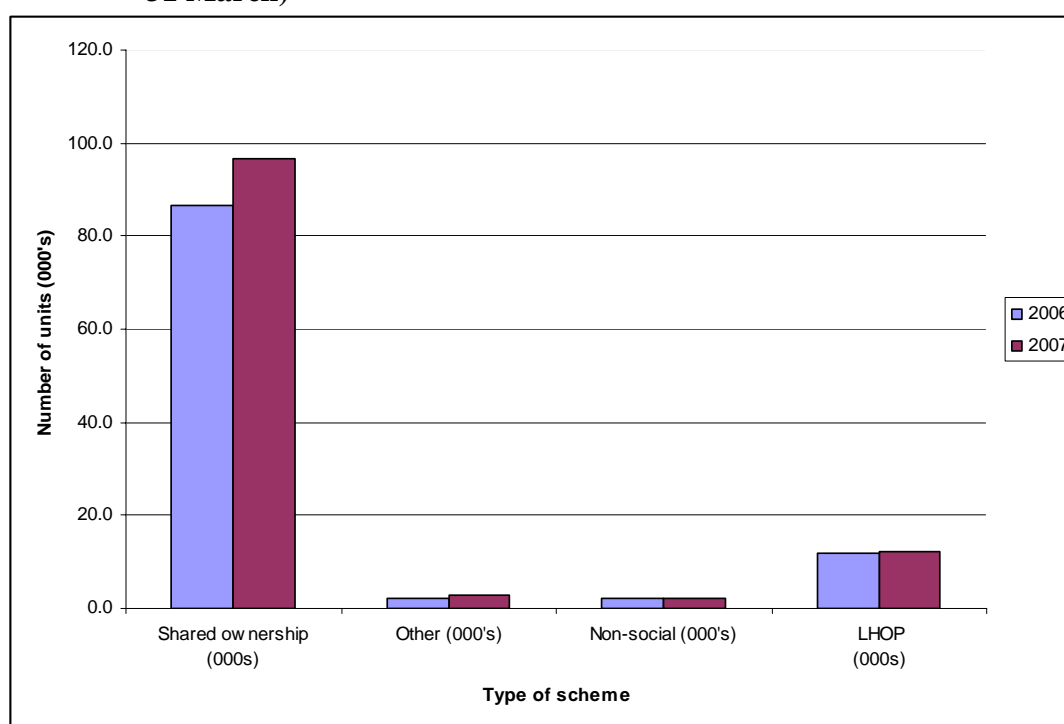
Table 5: Number of HAs who own Shared Ownership and other LCHO scheme units 2006-2007

Year	Number of HAs who owned shared ownership/LHOP	Proportion of HAs who owned Shared ownership/LHOP
2006	349	21%
2007	363	22%

Source: RSR Parts A and B

Notes:

- 1) Part B data from 2006 has been rebased, due to the threshold change in HAs completing the long return. Only these large HAs are required to complete information on non-social housing.
- 2) Data include only units where the purchaser has not acquired 100% equity.
- 3) The proportion of HAs is based on the total number of HAs with valid returns in each year.

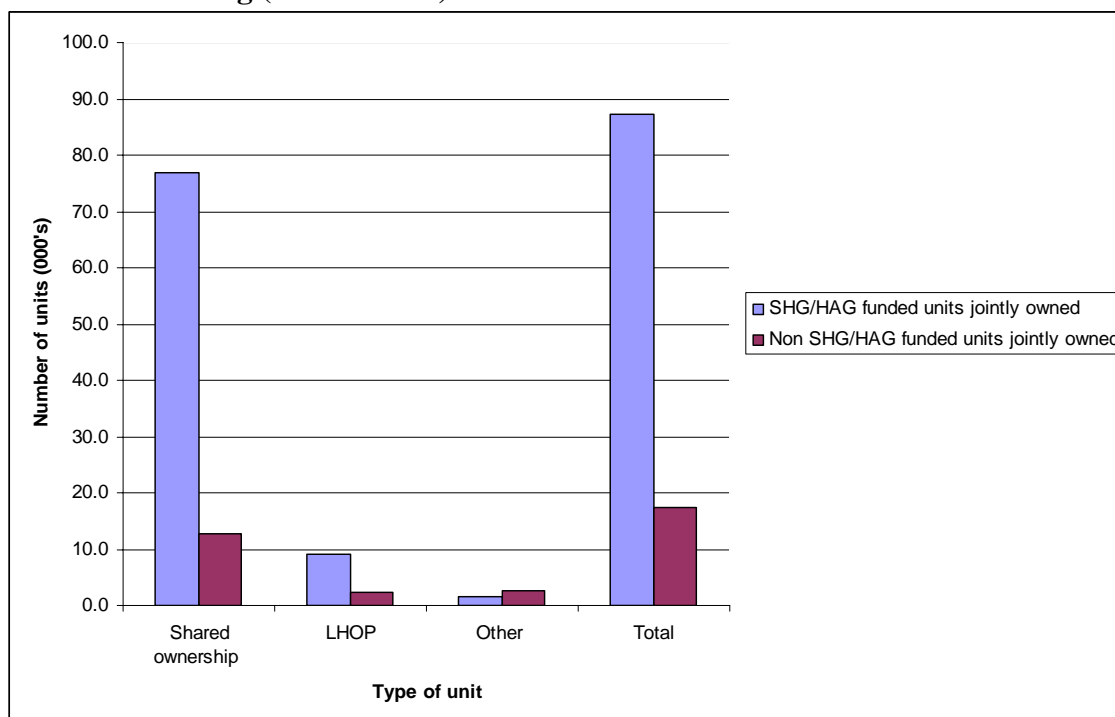
Figure 2: Shared ownership and other LCHO units owned by HAs in 2006 and 2007 (at 31 March)

Source: RSR Parts A and B; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 25.

- 1) Part B data from 2006 has been rebased, due to the threshold change in HAs completing the long return. Only these large HAs are required to complete information on non-social housing.
- 2) Data include only units where the purchaser has not acquired 100% equity.

As at 31 March 2007 the number of shared ownership and other LCHO units in which HAs owned shares was just over 114,100 and had increased by 11% over the previous year. While the vast majority of LCHO housing is shared ownership units (85%), the number of Leasehold Housing for Older People units (LHOP) was also up by 5% on the previous year and now makes up 11% of the total. Non-social leasehold housing and 'other' schemes make up only 5% of the total stock of the shared equity housing where the purchaser has not acquired 100% equity (Figure 2).

Figure 3: Shared ownership and other LCHO units owned by HAs in 2007, by type of funding (at 31 March)



Source: RSR Part J; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 26.

Figure 3 shows clearly that the majority of shared ownership schemes had received Housing Association Grant (HAG) or Social Housing Grant (SHG) funding (83% in 2007).

The total number of subsidised units was up 14% over the previous year, while the overall number of units developed without public funding declined by 6% in 2007. This was mainly as a result of a 10% decrease in the number of shared ownership units that had received no SHG/HAG funding.

As well as owning a proportion of the equity in shared ownership housing, HAs also retain residual freeholder responsibilities on stock where the purchaser has acquired 100% equity. For example, these are often units in apartment blocks where the HA will retain responsibility for communal areas. In 2007, HAs reported freehold responsibilities on 106,288 owned units, an increase of 9% since 2006. The majority (59%) of these were RTB and similar type units.

5.2 The geographical distribution of shared ownership stock

Table 6: Geographical distribution of shared ownership, LHOP and other shared equity units owned by HAs 2006 – 2007

HC Investment areas	2006 Rebased			2007		
	Total stock owned	Shared ownership, LHOP and other shared equity units owned	Shared ownership, LHOP and other shared equity units as a % of total stock owned	Total stock owned	Shared ownership, LHOP and other shared equity units owned	Shared ownership, LHOP and other shared equity units as a % of total stock owned
	Number of units (000's)	Number of units (000's)	%	Number of units (000's)	Number of units (000's)	%
London	329.1	22.6	6.9	371.8	25.0	6.7
South East	289.6	21.5	7.4	321.2	24.0	7.5
South West	174.7	8.5	4.9	196.5	10.0	5.1
East Midlands	104.3	7.3	7.0	115.3	8.5	7.4
East of England	190.7	7.4	3.9	211.0	8.8	4.2
West Midlands	235.5	10.7	4.6	247.0	12.2	4.9
Yorkshire & the Humber	170.1	5.1	3.0	187.7	5.3	2.8
North East	117.2	2.5	2.1	126.7	2.5	2.0
North West	347.3	9.5	2.7	393.7	11.3	2.9
England	1,958.4	95.2	4.9	2,170.9	107.6	5.0

Source: RSR Part O; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 45.

As shown in Table 6, the importance of shared ownership stock varies significantly between regions. London and the South East have the highest proportions of such units (23% and 22% of the total respectively in 2006/07). This is consistent with the general objective of addressing affordability and follows the regional pattern of the gap between HA rents and market housing costs.

The extent and pattern of initial sales of shared ownership products are related to the same factors, specifically the availability of funding; the emphasis placed on such schemes by central government; and the state of the housing market. Historically, shared ownership was spread quite widely across the country. However, the number of sales fell very significantly in the latter part of the 1990s in the North, and also particularly in the West Midlands and the East of England⁸.

By 2007, the size of the programme had increased significantly and 13,894 sales⁹ of shared ownership units were made in England during 2006/07. Sales were also increasingly concentrated in the 'pressured' growth areas of London and the South East (25% and 28% respectively), with just 9% of sales taking place in the North of the country (Figure 4).

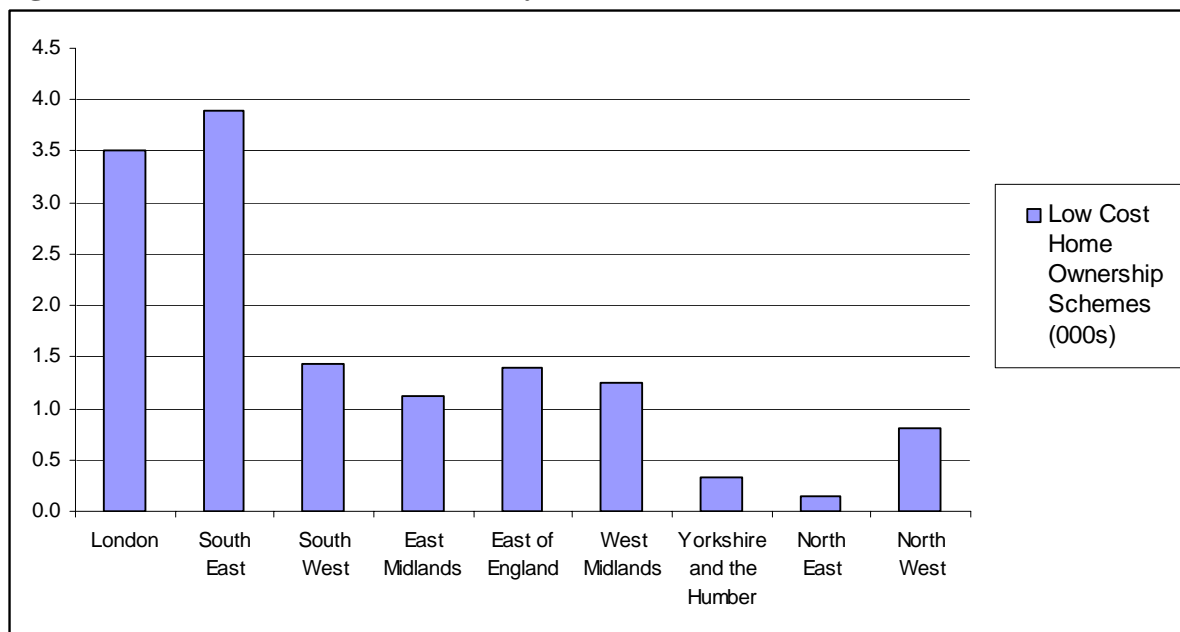
The proportion of the total social sector stock that is shared ownership remains relatively small at around 5% (shown in Table 6). The highest proportions of overall activity are to be found in London and the South East, and perhaps surprisingly in the East Midlands. Activity

⁸ Whitehead, Spenceley and Kiddle (2007) *The Role of Housing Associations in the Intermediate Market*. Housing Corporation Sector Study (http://www.housingcorp.gov.uk/upload/pdf/Sector_Study_HA_intermediate_market.pdf).

⁹ Sales are not shown in Table 5, although can be viewed in Table 80 of the *Profile of the HA Sector in 2007 Tables* available at www.dataspring.org.uk and www.rsrsurvey.co.uk

is particularly low in the North East. These proportions have remained much the same over the past few years.

Figure 4: Sales of LCHO units made by HAs (Initial shares) in 2006/07



Source: RSR Part O; Dataspring (2008) *Profile of the HA Sector in 2007 Tables Table 80.*

6. Lettings and Turnover

Lettings to those in need of housing are at the core of HAs activities and monitoring these lettings is fundamental to the HC's regulation function and a key part of the Audit Commission's programme of inspection of HAs.

HAs are required to provide information about lettings in both the RSR and CORE. Figures differ slightly between datasets, but it is useful to look at both sources to achieve an overall understanding of lettings which can be broken down by tenancy type, source of referral and spatial distribution.

Over the year from 1 April 2006 to 31 March 2007, HAs recorded 278,099 social housing lettings in the RSR, an increase of 14% over the previous year (and a much higher increase than between 2004/05 and 2005/06 which had been just 1%). Of the total lettings, 58% were general needs and 42% were categorised as supported housing and/or housing for older people.

6.1 General needs lettings and turnover

Table 7: Geographical distribution of general needs lettings by HC Investment programme areas 2006 – 2007 (at 31 March)

HC Investment programme areas	2006		2007	
	Total general needs units owned (000's)	Number of lettings (000's)	Total general needs units owned (000's)	Number of lettings (000's)
London	270.2	20.8	278.1	24.7
South East	221.1	24.5	232.1	22.0
South West	131.6	14.3	139.7	14.7
East Midlands	73.9	10.4	75.2	10.8
East of England	149.7	13.8	158.4	15.0
West Midlands	189.3	19.1	188.5	18.6
Yorkshire and the Humber	129.5	14.7	139.6	14.7
North East	97.8	10.2	103.2	11.0
North West	282.9	28.8	305.3	28.7
England	1,546.1	156.5	1,620.0	160.1

Source: RSR Part O; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 79.

Table 7 shows that HAs made 160,091 general needs lettings in 2006/07, an increase of 2.3% over the previous year (and a much higher increase than between 2004/05 and 2005/06 which had been a decrease). In terms of the spatial distribution of general needs lettings over the year, almost a third were made in the North West and London (18% and 15% respectively). In general, these proportions have remained much the same over the past five years. The exceptions are: the South East region which experienced a 10% decline in lettings in 2006/07; the West Midlands with a much smaller decline of 3%; while contrastingly, London had a 19% increase in the number of general needs lettings over the year.

In general, the distribution of lettings reflected that of total general needs stock in ownership, although notably, London, the East of England and the North West each had a slightly lower percentage share of lettings than stock when calculated against national totals.

The number of lettings made, as a percentage of stockholding provides us with indicative regional turnover figures. Nationally, the number of lettings made over the year equated to 10% of the general needs stock owned in 2007. This turnover has fallen slowly over the past five years, dropping by about 1% each year until 2006 when it was 10% as in 2007. Turnover was slightly lower than average in London, the South East, East of England and the North West regions in 2007 (each at 9%). The highest notional turnover rate was in the East Midlands, where 14% of the stock was let.

6.2 Evictions and anti-social behaviour

In an effort to tackle anti-social behaviour, Anti-Social Behaviour Orders (ASBOs) were introduced in the Crime and Disorder Act (1998). HAs are able to apply for ASBOs and ASBIs (Anti-Social Behaviour Injunctions, which are specific to social housing) in their own right. In 2006/07, 313 ASBOs were granted (down 3 from the previous year). However there were 1,045 ASBIs, a substantial increase of 301 injunctions (40%) over the previous year.

Table 8: Number of evictions carried out by HAs by reason 2005/06 – 2006/07

Reason	2005/06 Rebased					2006/07				
	General needs housing		Supported housing and/or housing for older people		Total Number of Evictions	General needs housing		Supported housing and/or housing for older people		Total Number of evictions
	Number of evictions	%	Number of evictions	%		Number of evictions	%	Number of evictions	%	
Arrears	8,228	88.6	966	33.8	9,194	7,790	88	871	34	8,661
Anti-social behaviour (ASB)	526	5.7	969	33.9	1,495	662	7	759	30	1,421
<i>Demoted Tenancy (of ASB)</i>	32	0.3	49	1.7	81	28	0	2	0	30
Both	133	1.4	213	7.5	346	107	1	167	7	274
Other	402	4.3	708	24.8	1,110	294	3	734	29	1,028
Total	9,289	100.0	2,856	100.0	12,145	8,853	100.0	2,531	100.0	11,384

Source: RSR Part G; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 57.

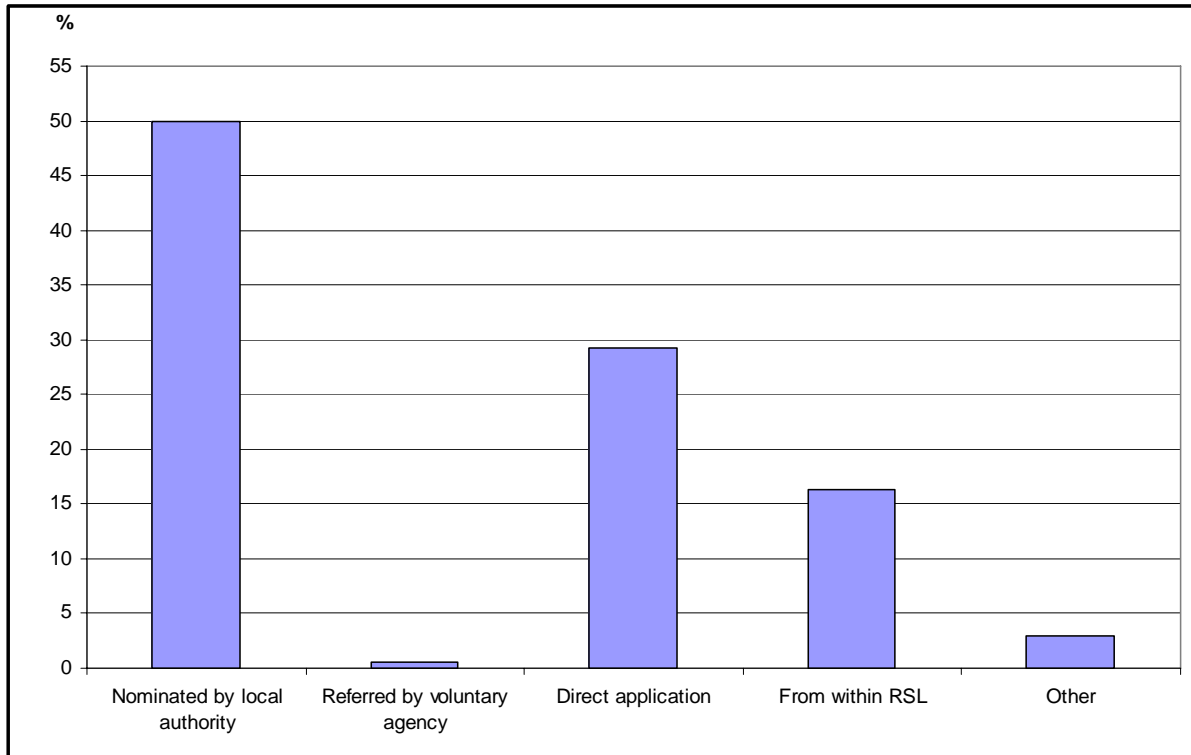
As shown in Table 8, during 2006/07, HAs carried out 11,384 evictions from their social housing stock, a 6% decrease over 2005/06. This continued a downward trend since 2004/05. Seventy eight percent of all evictions were of tenants in general needs housing, the remainder being supported housing tenants. The majority of all evictions were because the tenant was in arrears (76%), followed by 12% which were the result of anti-social behaviour. Two percent were evicted because of both anti-social behaviour and arrears and 9% were for 'other' reasons.

6.3 General needs lettings characteristics

As well as the RSR based lettings data mentioned above, it is helpful to look at lettings made by HAs over the year in the context of the characteristics of tenants to whom lettings were made, the source of referral and economic status. These details are recorded in the CORE dataset and are also available within the *Profile of the Housing Association Sector* tables.

In 2006/07 HAs recorded 130,034 general needs lettings via CORE. The majority (85%) were re-lets.

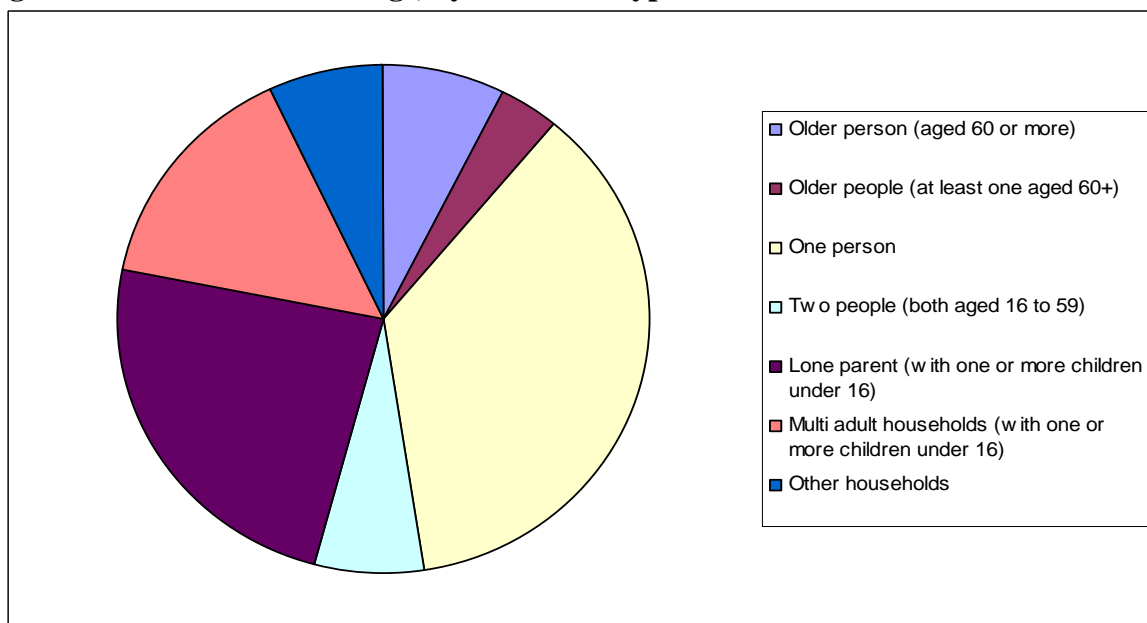
Figure 5: General needs lettings, by source of referral 2006/07



Source: CORE; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 59.

The overall profile of lettings by source of referral remained much the same in 2006/07 as in previous years. As shown in Figure 5, half of all lettings were referred from local authorities, while just under a third was made by direct application. The number of successful direct applicants has been decreasing steadily since 2002 and was down by 8% in 2006/07 over the previous year. The number of lettings made to internal applicants from within the HA, made up 16% of the total.

Figure 6: General needs lettings, by household type 2006/07



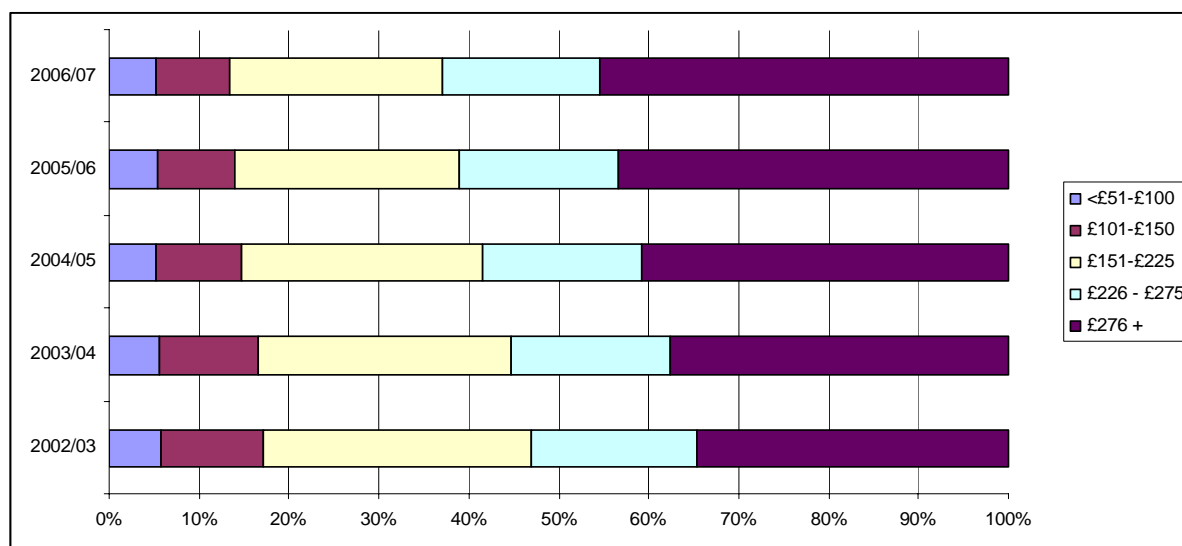
Source: CORE; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 59.

Figure 6 shows lettings in terms of household types. Well over one-third (37%) of lettings were made to single person households (under 60 years). This proportion has remained fairly stable over the past five years. The proportion of general needs lettings made to households of one older person also remained much the same as the previous year at 8%, although in terms of total numbers, lettings to one older person decreased by 10% over the year. Almost a quarter of lettings were made to single parent households.

There was a 6% increase in the number of lettings made to households determined as statutorily homeless immediately prior to letting in 2006/07. In proportional terms this was much the same as the previous year at 18%, an increase of only 1 percentage point from 17% in 2005/06.

Just over a third of all tenants in general needs new/re-let stock were in full or part time employment in 2006/07. The proportion of tenants that were unemployed increased slightly in 2006/07, to 16% (from 15% in 2005/06). However, this proportion was much lower than in the mid 1990s when the figure reached a high of 37%.

Figure 7: Incomes of working households housed in new general needs lettings 2002/03 – 2006/07



Source: CORE; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 61.

Figure 7 shows the weekly incomes of households coming into general needs lettings over the past five years. The number of households on a low to moderate weekly income in social tenant terms (<£51 to £225 per week) has been declining steadily, from just under half in 2002/03 to 37% in 2006/07. The proportion of households on the lowest incomes (<£51 to £100 per week) have remained at around 5 or 6% over the past five years. The figure for those earning between £226 and £275 per week has also stayed much the same (18%). The big increase has been in the highest income category (those earning over £276 per week) which has grown from 35% in 2002/03 to 45% in 2006/07.

6.4 Choice based lettings

Since the latter part of the 1990s HAs have been moving to give greater choice to potential and existing tenants when allocating social housing. Choice Based Lettings schemes were introduced from 2001. Historically, allocation systems were implemented with little or no

input from tenants; therefore schemes that allowed more freedom of choice were welcomed and are now provided by many HAs.

In 2007, 219 large HAs indicated that they operated Choice Based Lettings schemes, an 8% increase since 2006. Of the 168 HAs that indicated that they did not operate these types of schemes in 2007, 109 said that they planned to introduce one in the future. Five of them planned to have their scheme operational in 2007, 73 in 2008, 17 in 2009 and 13 in 2010¹⁰.

Table 9: Geographical distribution of stock given over to Choice Based Lettings (CBL) in 2007

HC Investment programme areas	General needs stock given over to CBL		Supported stock given over to CBL		Housing for older people stock given over to CBL		Sales stock given over to CBL		Total stock given over to CBL	
	Number of units (000s)	%	Number of units (000s)	%	Number of units (000s)	%	Number of units (000s)	%	Number of units (000s)	%
London	147.3	24.2	3.4	45.5	8.0	11.3	3.1	51.2	161.8	23.4
South East	38.7	6.4	0.2	2.4	5.6	7.9	1.1	18.5	45.6	6.6
South West	41.3	6.8	0.8	10.2	9.1	12.9	0.3	4.1	51.4	7.4
East Midlands	26.6	4.4	0.5	6.7	6.2	8.7	0.5	7.8	33.7	4.9
East of England	34.4	5.7	0.7	8.8	5.1	7.3	0.4	6.7	40.6	5.9
West Midlands	64.2	10.6	0.1	0.7	6.0	8.5	0.3	5.6	70.6	10.2
Yorkshire and the Humber	57.0	9.4	0.1	0.7	6.7	9.5	0.1	0.9	63.8	9.2
North East	43.4	7.1	0.6	8.1	3.1	4.4	0.2	2.9	47.3	6.8
North West	154.6	25.5	1.2	16.7	20.9	29.5	0.1	2.3	177.0	25.6
England	607.5	100.0	7.4	100.0	70.9	100.0	6.1	100.0	691.9	100.0

Source: RSR Part O; Dataspring (2008) *Profile of the HA Sector in 2007 Tables* Table 33.

Table 9 shows that in total, the largest proportions of stock given over to Choice Based Lettings by HAs were in the North West and London (26% and 23% respectively), with the East Midlands accounting for the smallest share at just 5%. These patterns generally reflect the proportions of total stock located in each region. The pattern was very consistent for general needs housing. However, in supported stock, HAs in London held a much larger share than other regions (46%) and Yorkshire and the Humber and the West Midlands together only accounted for 2% of the supported housing stock given over to Choice Based Lettings. A different pattern again was seen in housing for older people, where 30% of the stock in the North West was available through these schemes, followed by the South West at 13%. While general needs housing was most likely to be the largest stock type for Choice Based Lettings schemes, accounting for 88% of the total; of the rest, HAs were more likely to include housing for older people in these schemes than supported housing which accounted for 10% and 1% respectively.

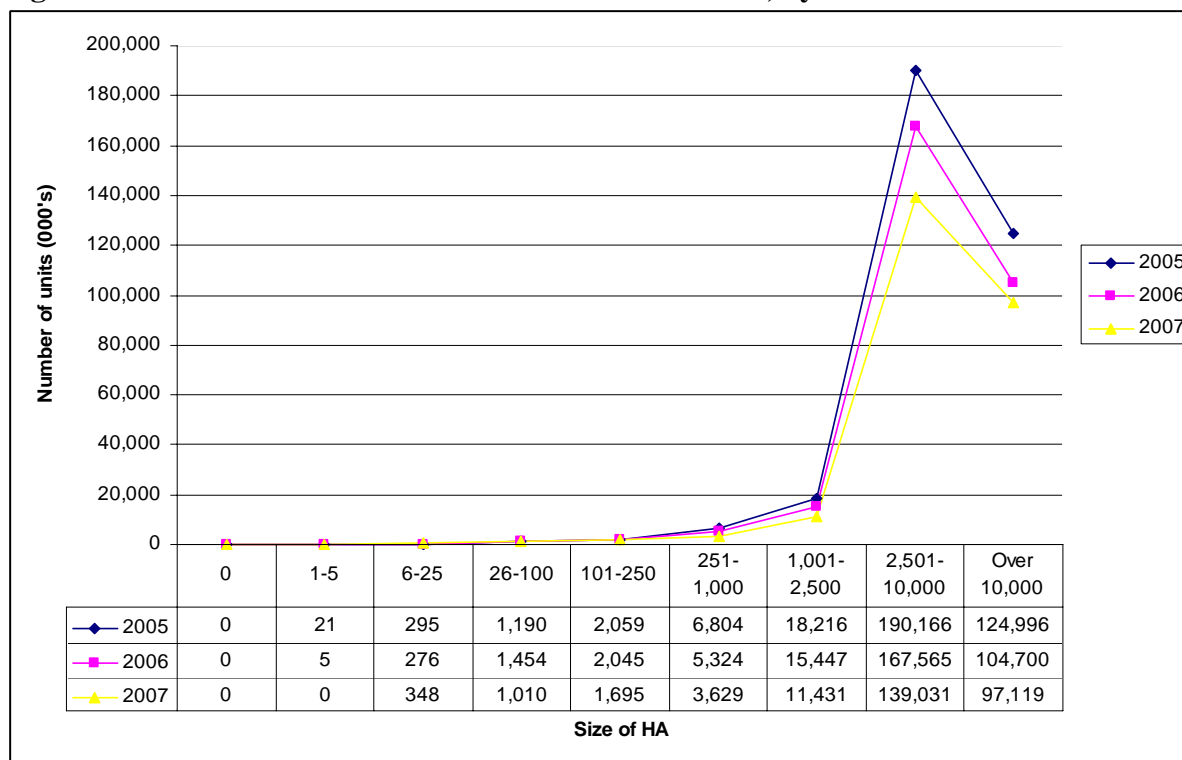
7. Decent Home Standard

The Government, in its *Housing Green Paper* (2000) set out a target to bring all public sector homes to a defined minimum standard by 2010. The Decent Home Standard (DHS)

¹⁰ One HA did not indicate when they would have the scheme operational.

(introduced in 2001) was therefore established and the HC is responsible for ensuring that HAs meet the requirements.¹¹

Figure 8: Number of Homes that failed to meet the DHS, by size of HA 2005 – 2007



Source: RSR Part Q; calculated from the interactive stock data on Dataspring website

Figure 8 shows the number of HA owned units that did not meet the DHS in the three years between 2005 and 2007. In general, the number of units failing to meet the DHS standard decreased across all sizes of HA. HAs with between 251 and 1,000 units significantly decreased the numbers of their homes failing to meet the DHS, by almost half. The graph shows clearly that the larger HAs face much greater problems in absolute terms than smaller HAs. This is partly a result of the transfer of older stock from local authorities which are most common amongst HAs with over 2,500 units. The overall picture is however, positive and by 2007, fewer than 255,000 dwellings (13% of the total social housing stock owned) failed to meet the DHS, a marked improvement on the previous year when the figure had been 17% higher.

HAs are also asked to provide information in the RSR about whether tenants had refused the works necessary to bring their homes up to the DHS. This is important information as in cases such as these, the homes would not be regarded as failing. HAs were unable to bring over 17,300 homes up to the DHS in 2007, because of tenant refusals. While tenants refused works across all size categories of HA, cases were predominantly in the 2,501 to 10,000 units category (68%), and again LSVT HAs are more likely to be found in this category.

¹¹ For more detailed information on the extent to which HAs are meeting the DHS, see the *Housing Corporation Thematic Review Decent Home Standard, July 2007*.

Figure 9: Number of Homes that failed to meet the DHS, by HC Investment Region

Source: RSR Part O; calculated from Dataspring interactive stock data on website.

The RSR dataset contains numbers not meeting the DHS, by HC Investment Region, since 2005 (as shown in Figure 9). The regional pattern has clearly remained very similar over the three years. The number of units not meeting the standard has decreased in all regions since 2005. The largest proportional improvement has been in the West Midlands where the number decreased by 51%, over the three year period, followed by the North East and South East regions where the numbers decreased by 37% and 35% respectively. The least improvement was seen in the North West region where the decrease was only 9% over the three years. In terms of regional concentrations, the graph clearly shows that the largest proportion of those not meeting the standard is held in the North West, while the smallest proportion is in the East Midlands.

8. Summary and conclusions

The size of the HA sector continued to grow in 2007 at a slightly higher rate than in recent years, with total stock owned increasing by 7% over the previous year. Large scale stock transfers continued to be important, although the numbers decreased considerably in 2007. The most significant figures relate to new build proportions, which were up by 10% over the previous year and accounted for 48% of the total stock entering the sector.

HAs, especially in London and the South East, have an increasing role in providing shared ownership housing through a range of initiatives. Moreover the evidence suggests a considerable appetite for expanding shared ownership activity across the country. Here again there was growth in activity – up by 58% over the previous year.

A higher proportion of lettings made over the year continued to go to single people (under the age of 60). An increasing proportion of lettings went to homeless households. Indeed general needs lettings for this purpose reached its highest point in the past seven years.

The progress on achieving the Decent Home Standard for the public sector homes is continuing although there are significant differences between regions. In part these are associated with the problems in LSVT stock where HAs have to deal with high levels of older stock that needs bringing up to standard.

Overall this briefing paper reflects considerable success in the picture of HAs activity over the year 2006/07. New output is up for both social renting and particularly for LCHO schemes; lettings are up; evictions are down; and there is significant improvement in the existing stock. The main concern must continue to be that, because much of the growth in HA rented stock continues to be by transfer, the net increase in social provision generated by HA activity inherently remains quite small.